Volume:6 Issues: 32 [March, 2021] pp. 112 - 127]
International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.ijafb.com

FINANCIAL PERFORMANCE EVALUATION OF SELECTED INDONESIA STATE-OWNED ENTERPRISES IN CONSTRUCTION INDUSTRY IN THE PERIOD OF 2014 – 3Q2020

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Article history

Received date	**:**	5-2-2021
Revised date	**:**	9-1-2021
Accepted date	**:**	9-3-2021
Published date	**:**	31-3-2021

To cite this document:
Nurfitriana, A. & Rahadi, R. A. (2021). Financial Performance Evaluation of Selected Indonesia State-Owned Enterprises In The Construction Industry In The Period of 2014-3Q2020. *International Journal of Accounting, Finance and Business (IJAFB)*, 5 (32), 112 - 127.

Abstract: *The number of infrastructure construction projects has increased significantly from the beginning of Joko Widodo infrastructure agenda in 2014 until 2020. Most infrastructure projects are given to SOEs in the construction industry. However, a sudden increase in projects today does not guarantee future workloads and performance. This research aims to assess PT Wijaya Karya Tbk (WIKA), PT Waskita Karya Tbk (WSKT), PT Adhi Karya Tbk (ADHI), and PT Pembangunan Perumahan Tbk (PTPP) financial performance and financial health from 2014 until 3Q2020, based on the Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002. From 2014 until 2019, WIKA has the best financial performance and is followed by PTPP, WSKT, and ADHI. However, in 2020, PTPP shows the best financial performance, followed by WIKA, ADHI, and WSKT, respectively. The results of the companies' health assessment based on rank; 1. WIKA's average score 72.60; 2. PTPP's average score 69.67; 3. WSKT's average score 65.74; 4. ADHI's average score 61.65.*

Keywords: *Financial Ratio Analysis, Financial Health, SOEs, Construction Industry, Infrastructure Development*

Introduction

One of Indonesia's most significant issues is the inequality condition between its islands, from infrastructure to economic activities. Indonesia lacks proper infrastructure, quality, and quantity-wise. A recent study concluded a significant influence between infrastructure development and Indonesia's economic growth (Suhadak, 2019). Joko Widodo, as the current president of Indonesia, had infrastructure development as one of his main agendas during his reign. After a significant 41% rise in the infrastructure budget in 2017, from 269.1 trillion rupiah to 379.4 trillion rupiah, the allocated budget has always increased. The increase in the infrastructure budget intends to increase adequate development and improve Indonesia's

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connectivity to catch up with Indonesia's lack of infrastructure provision (APBN, 2018). As the main contractor for almost all the projects, the construction industry's state-owned enterprises are experiencing a considerable rise in project quantity and target. However, this rise could not guarantee future financial health and workloads. To achieve sustainable growth, the firm's performance during this time is crucial.

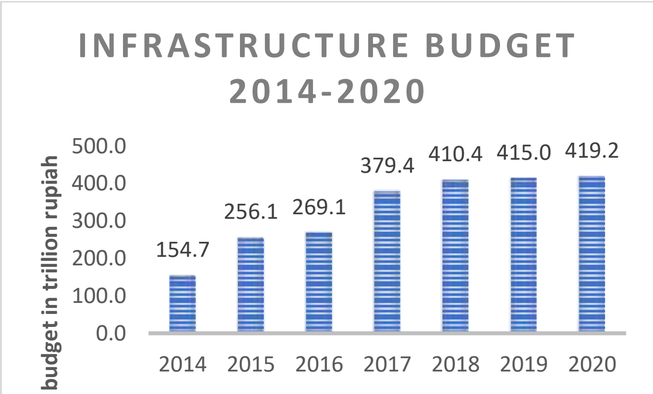

Figure 1: Indonesia's Infrastructure Budget.
Source: Minister of Finance Indonesia, 2019

There are many ways to assess company performance. One of the main methods to assess a company's performance is examining financial ratios through its financial statements (Palepu, Bernard, & and Healy, 1997) In this research, not all seventeen ratios will be used; only several important financial ratios will be used to assess the companies' financial performance. This research aims to assess the state-owned enterprises' financial performance as the number of projects has increased significantly from the beginning of Joko Widodo infrastructure agenda in 2014 until 2019. The selected enterprises are PT Wijaya Karya Tbk (WIKA), PT Waskita Karya Tbk (WSKT), PT Adhi Karya Tbk (ADHI), and PT Hutama Karya (HK) through financial ratios based on the Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002. Also, based on the Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002, the selected companies would be ranked and given a score based on their financial healthiness level.

Problem Statement

The SOEs as the front liner for infrastructure projects, will experience a considerable rise in project quantity and target. As current workloads do not guarantee future financial health and workloads, the company which can adapt successfully to the change can achieve sustainable growth. The trend of turnkey or contractor pre-financing contracts in infrastructure projects has increased for the last few years, causing the SOEs to have big capital at the beginning of the project. There are no quick fixes in this kind of project and the process tends to have many dynamics during construction years. The firm's performance during this time is crucial. Based on a study, contracting businesses' failure mostly due to financial-related factors, followed by managerial skills and external-related factors, respectively (Mahamid, 2012). This study is supported by other studies that conclude that financial factors are the primary cause of business failure (Arditi, Koksal, & Kale, 2000) (Enshassi, Al-Haliq, & Mohamed, 2006). The Surety Information Office (SIO) shows that the main factors in failure are directly linked to a company's financial management (Peterson, 2005). Considering the duration of the project, the President's election in 2019, the turnkey contract scheme, and the pandemic, the companies' ability to manage finances becomes crucial.

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Research Questions

1. How were selected state-owned enterprises' financial performance over the last six years (2014-2019) and during the pandemic based on the Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002?
2. Which enterprise had better performance based on financial performance and evaluation based on 2014-2019 and the third quarter of 2020 data analysis?

Research Objectives

The purpose of this research is to assess, analyzed, and ranked the financial performance of PT Wijaya Karya Tbk (WIKA), PT Waskita Karya Tbk (WSKT), PT Adhi Karya Tbk (ADHI), and PT Pembangunan Perumahan Tbk (PTPP) enterprises from 2014 until the third quarter of 2020 through financial ratios based on the Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002. The selected companies would be ranked and given a score based on their financial healthiness level. The result will be used to propose recommendation for the government, and four selected SOEs.

Methodology

The methodology used for this research is the quantitative method—the data obtained from secondary data from publicly published annual reports of each enterprise. There are four parent companies chosen to be analyzed in this study. The four companies are the most well-known state-owned enterprises in the construction industry, which are PT Wijaya Karya Tbk (WIKA), PT Waskita Karya Tbk (WSKT), PT Adhi Karya Tbk (ADHI), and PT Pembangunan Perumahan Tbk (PTPP). The four public listed companies have a similar range of revenue and similar business lines and projects. The financial statements from annual reports of selected companies will be analyzed using the financial ratio analysis (FRA) method. Eight financial ratios will be used to analyze the company's performance. The financial ratio calculation will be compared and analyzed with a combination of cross-section and time series analysis. The financial ratio analysis result will be scored based on the Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002 score assessments for selected companies' healthiness level. Each ratio's score will be multiplied with a s core weight and then used based on each company's financial health assessment level. The level of healthiness will then be compared and analyzed. This method has been used in previous studies. (Daryanto, 2018; Afiza, 2019; Daryanto, W.K., 2018).

Literature Review

The Decree of Ministry of State-Owned Enterprises

The regulation is made to encourage companies to improve their efficiency and competitiveness in the current business and economic growth. The standard of SOEs healthiness level applies to financial and non-financial service sectors. All the selected companies are categorized as the non-infrastructure SOEs under the construction service industry and construction consultant sector. Therefore, the score weight and score measurement will be based on the non-infrastructure criteria.

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Table 1: Formula and Score Weight of Each Ratio

Indicators		Score Weight
Return on Equity (ROE)	$\frac{Net\ Income}{Total\ Equity}\ x\ 100\%$	20
Return on Investment (ROI)	$\frac{EBIT + Depreciation}{Capital\ Employed}\ x\ 100\%$	15
Cash Ratio	$\frac{Cash\ and\ Cash\ Equivalent}{Current\ Liabilities}\ x\ 100\%$	5
Current Ratio	$\frac{Current\ Asset}{Current\ Liabilities}\ x\ 100\%$	5
Collection Periods	$\frac{Total\ Account\ Receivables}{Total\ Sales\ Revenue}\ x\ 365$	5
Inventory Turnover	$\frac{Total\ Inventories}{Total\ Sales\ Revenue}\ x\ 365$	5
Total Asset Turnover	$\frac{Total\ Revenue}{Capital\ Employed}\ x\ 100\%$	5
Total Equity to Total Assets	$\frac{Total\ Equity}{Total\ Asset}\ x\ 100\%$	10
Total		**70**

Source: Ministry of Stated Owned Enterprises, 2002

Table 2: Company's Health Indicator

Company's Health Indicator				
Category	**Value**	**Score**		
Healthy	AAA		x >	95
Healthy	AA	80	< x < =	95
Healthy	A	65	< x < =	80
Less Healthy	BBB	50	< x < =	65
Less Healthy	BB	40	< x < =	50
Less Healthy	B	30	< x < =	40
Unhealthy	CCC	20	< x < =	30
Unhealthy	CC	10	< x < =	20
Unhealthy	C		< x < =	10

Source: Ministry of Stated Owned Enterprises, 2002

The healthiness measurement is based on three aspects, financial, operational, and administration aspect in the selected year, but this study only use the financial aspect. The eight ratios categorized to three groups, which are profitability performance, activity ratio, and solvency ratio. Each ratio has its score weight and has 70 for the non-infrastructure sector. Each ratio score will multiply by the score weight to get the final score indicating its healthiness level. The chosen ratio, formula, and its score weight could be seen in table 1. The health assessment level divides into three main categories healthy, less healthy, and unhealthy which each category has three values, as we can see in table 2.

Profitability Performance

The most common measure for a company's performance is through its profit. Return on Equity (ROE) is the common measure of a company's profit generated from shareholder investment. Return on investment (ROI) is used to see the efficiency of an investment. The score measurement of profitability performance could be seen in the table 3.

Table 3: ROI and ROE Score

ROE (%)			**Score**	ROI (%)			**Score**
15	<ROE		**20**	18	<ROI		**15**
13	<ROE<=	15	**18**	15	<ROI<=	18	**13.5**
11	<ROE<=	13	**16**	13	<ROI<=	15	**12**
9	<ROE<=	11	**14**	12	<ROI<=	13	**10.5**
7.9	<ROE<=	9	**12**	10.5	<ROI<=	12	**9**
6.6	<ROE<=	7.9	**10**	9	<ROI<=	10.5	**7.5**
5.3	<ROE<=	6.6	**8.5**	7	<ROI<=	9	**6**
4	<ROE<=	5.3	**7**	5	<ROI<=	7	**5**
2.5	<ROE<=	4	**5.5**	3	<ROI<=	5	**4**
1	<ROE<=	2.5	**4**	1	<ROI<=	3	**3**
0	<ROE<=	1	**2**	0	<ROI<=	1	**2**
	ROE<	0	**0**		ROI<	0	**1**

Source: Ministry of Stated Owned Enterprises, 2002

Liquidity Ratio

The liquidity performance reflects on the company's ability to pay its short-term obligations. The cash ratio and current ratio could give an early sign of cash flow problem or forth come (Gitman & Zutter, 2012). The score measurement of liquidity performance could be seen in the table 4.

Table 4: Cash Ratio and Current Ratio Score

Cash Ratio = x (%)			**Score**	Current Ratio = x (%)			**Score**
	x > =	35	**5**	125	< = x		**5**
25	< = x <	35	**4**	110	< = x <	125	**4**
15	< = x <	25	**3**	100	< = x <	110	**3**
10	< = x <	15	**2**	95	< = x <	100	**2**
5	< = x <	10	**1**	90	< = x <	95	**1**
0	< = x <	5	**0**	0	< = x <	90	**0**

Source: Ministry of Stated Owned Enterprises, 2002

Activity Ratio

Activity ratios show how a company could efficiently operate in several dimensions, such as disbursements, inventory management, and collections (Gitman & Zutter, 2012). A company's collection period measures its management's effectiveness in managing its account receivables (Klenton & Drury, 2020). Inventory turnover measures how many times the company sold and replace its inventory in a period. The total asset turnover measures the company's efficiency in converting its assets to generate sales (Gitman & Zutter, 2012). The result is better when compared with other companies in the same industry or to its past result (Gitman & Zutter, 2012). The score measurement could be seen in the table 5 and 6.

Table 5: Collection Period and Inventory Turnover Score

CP this year = x (days)			Changes from the following year = x (days)			Score	IT this year = x (days)			Changes from the following year = x (days)			Score
	x < =	60		x >	35	**5**		x < =	60	35	< x		**5**
60	< x < =	90	30	< x < =	35	**4.5**	60	< x < =	90	30	< x < =	35	**4.5**
90	< x < =	120	25	< x < =	30	**4**	90	< x < =	120	25	< x < =	30	**4**
120	< x < =	150	20	< x < =	25	**3.5**	120	< x < =	150	20	< x < =	25	**3.5**
150	< x < =	180	15	< x < =	20	**3**	150	< x < =	180	15	< x < =	20	**3**
180	< x < =	210	10	< x < =	15	**2.4**	180	< x < =	210	10	< x < =	15	**2.4**
210	< x < =	240	6	< x < =	10	**1.8**	210	< x < =	240	6	< x < =	10	**1.8**
240	< x < =	270	3	< x < =	6	**1.2**	240	< x < =	270	3	< x < =	6	**1.2**
270	< x < =	300	1	< x < =	3	**0.6**	270	< x < =	300	1	< x < =	3	**0.6**
300	< x		0	< x < =	1	**0**	300	< x		0	< x < =	1	**0**

Source: Ministry of Stated Owned Enterprises, 2002

Table 6: Total Asset Turnover

TATO this year = x%			Changes from the following year = x%			Score
120	< x		20	< x		**5**
105	< x < =	120	15	< x < =	20	**4.5**
90	< x < =	105	10	< x < =	15	**4**
75	< x < =	90	5	< x < =	10	**3.5**
60	< x < =	75	0	< x < =	5	**3**
40	< x < =	60		x < =	0	**2.5**
20	< x < =	40		x <	0	**2**
	x < =	20		x <	0	**1.5**

Source: Ministry of Stated Owned Enterprises, 2002

Solvency Ratio

Table 7: Total Equity To Total Asset Score

Total Equity / Total Assets (%) = x			**Score**
	x <	0	**0**
0	x <	10	**4**
10	< = x <	20	**6**
20	< = x <	30	**7.25**
30	< = x <	40	**10**
40	< = x <	50	**9**
50	< = x <	60	**8.5**
60	< = x <	70	**8**
70	< = x <	80	**7.5**
80	< = x <	90	**7**
90	< = x <	100	**6.5**

Source: Ministry of Stated Owned Enterprises, 2002

The solvency ratio is a measure of the long-term financial health of a company. The use of total equity to total asset ratio is to measure the effectiveness of financial leverage. The result is better to be compared with other companies in the same industry. The score measurement could is in the table below.

2014-2019 Financial Performance Analysis

Profitability Performances

WIKA ROI shows a decreasing trend from 2014 until 2017. It hits the highest ROI in 2014 with 13.18% before continuously decreasing until 2017. WIKA's ROE is bigger than its ROI. In 2014 the return on equity (ROE) was the highest percentage with 15.25%, higher than 15%, which is considered as a very excellent performance according to Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002. However, after that, there is a decreasing trend from 2014 until 2017. Overall, the ROI and ROE of WIKA is lower than 15%. However, it could still be considered a decent performance. The ROI and ROE of WSKT show a similar trend from 2014 to 2019. WSKT has 18.5% ROE in 2014. ROI has a similar trend with ROE but relatively more stable than the ROE. WSKT's profitability performance is inconsistent and hits a low percentage in 2019.

ADHI ROE is relatively stable. ADHI achieved its highest ROE in 2014, 19.91%. After that, the ROE falls significantly in 2015 and 2016, 9.01% and 5.79%, respectively. Starting from 2017 until 2019, the ROE shows a fluctuating trend, and this is caused by its inconsistent net income growth when its equity is constant growth at 7-8% range. On the other hand, ADHI ROI could be considered pretty low as none of the ROI ratios below the 10% mark. Overall, Adhi Karya's ROE has better performance than its ROI, but both could hardly reach 10%, indicating a lousy profitability performance. There is a decreasing trend of PTPP's ROE. The biggest fall is in 2016, due to 2.25 trillion of government funds. In 2019 the ROE was cut by half due to a decrease in net income. The decrease of net income is caused by loss from associates, as several toll projects and the port has just started to operate in 2019. For ROI, the

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ratios show a low result. From 2014 until 2016, PTPP's ROI is quite stable, and then it reached its peak in 2016. The peak in 2016 is due to government funds and increases in the fixed asset to be developed for new projects. After 2016, the ROI keeps decreasing at a relatively consistent rate of 2.5%~3%, from 10.66% in 2016 to 3.91%. This decrease reflects the EBIT+Depreciation account.

All companies' tendency to rely on debt is also reflected in profitability performance as the ROE score is all higher than the ROI score. Since debt is a fact in ROI calculation, all companies' ROI scores are not as good as their ROE score. Based on the comparison of all companies' profitability performance, most of the results are below 15%. Based on the result, a 10% ratio could be considered as decent performance. Wijaya Karya (WIKA) has the best performances as the ROE and ROI results are relatively stable throughout the years in a decent range, followed by WSKT and PTPP respectively. On the other hand, ADHI has the lowest ROI and ROE. So, overall ADHI shows the worst profitability performance.

Figure 2: 2014-2019 Profitability Performances Comparison

Source: Author's Analysis

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Liquidity Ratio

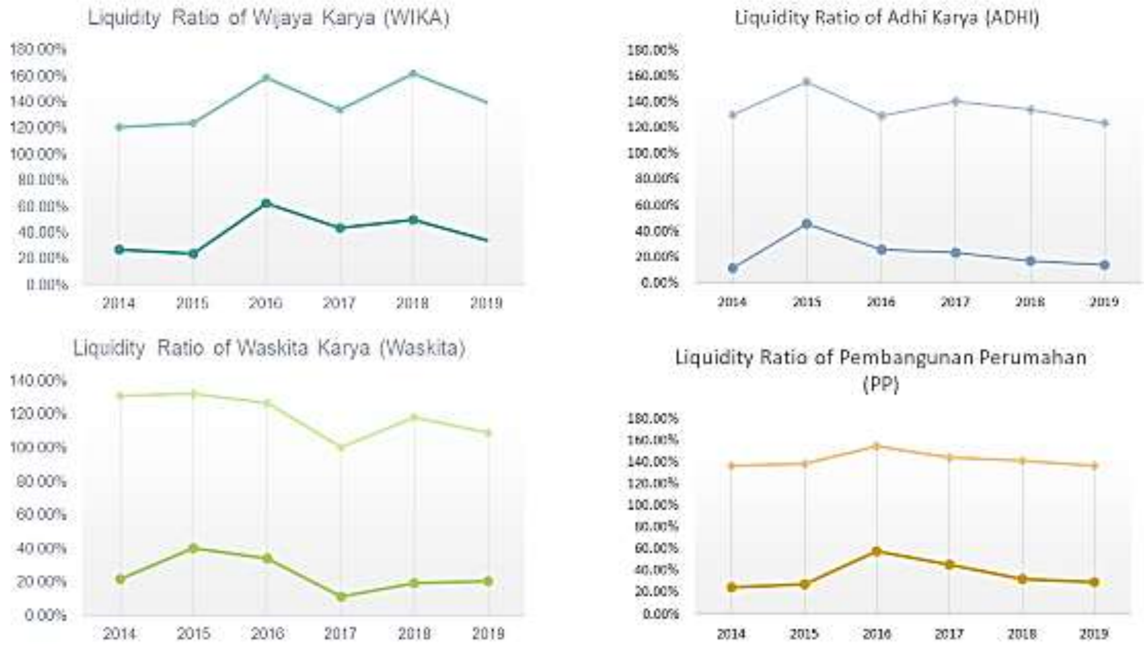

Figure 3: 2014-2019 Liquidity Ratio Comparison

Source: Author's Analysis

WIKA Cash ratio shows a good sign as most of the ratio is higher than 35%, which is the standard based on the Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002, except in 2014 and 2015. Overall, the cash and cash equivalent continuous to grow from 2014 until 2018, especially in 2016, before it goes down by a small margin in 2019. In 2016 WIKA's current ratio started to have a value bigger than the standard of excellent performance 125%. This is caused by an increase in the current asset's cash, inventories, and real estate asset. Despite the fluctuating value, the current ratio of WIKA is also showing a good number from 2014 until 2019. From 2014 until 2018, the WSKT cash ratio and current ratio follow a similar pattern, increasing until 2015 and decreasing until 2017, and increasing again in 2018. The company's cash ratio and current ratio reached its peak in 2015, 40.33% and 132.27%, respectively. In 2018, as the current liabilities grow slow, the cash ratio and current ratio of the company increase to 19.09% and 117.94%, respectively. In 2019 the cash ratio was increased by 1.47% as the cash increased by 4.756 billion or 78.12% higher.

ADHI's current liabilities continuously rise from 2014 until 2019. Thus, it could be concluded that the changes in cash ratio and current ratio are caused by the change of cash and cash equivalent and current asset account. The current ratio of ADHI from 2014 to 2018 is above 125%, signalling excellent liquidity. In 2019 the current ratio was 123.77%, which could be considered as good liquidity. As for the cash ratio since 2016, the cash ratio shows a decreasing trend from 45.86% in 2015 to 13.29% in 2019, since ADHI needs to inject funds for its turn-key projects. Like other companies, PTPP's current ratio and cash ratio show a similar trend, with a peak in 2016 followed by decreasing trend until 2019. Through the PMN program, the government funds help the company's cash account increase in liquidity ratio. PTPP shows an excellent current ratio as all ratios is bigger than 125%. PTPP's current ratio has stable performance through the years despite a slightly decreasing trend. PTPP's cash ratio, on the other hand, shows bigger changes year on year. It shows a stable performance in 2014 and 2015

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before reaching its peak in 2016 with a 57.52% cash ratio. After that, the company's cash ratio is decreasing but still could be considered a good performance.

For cash ratio PTPP has the best performance while ADHI has the worst. But for current ratio, ADHI shows the best performance and PTPP shows the worst. Overall, PTPP shows a relatively stable result in a decent range of results in both ratios, indicating its ability to meet its short-term obligations. WIKA is the second best with small margin followed by ADHI and WSKT, respectively.

Activity Ratio

The day's collectible of WIKA in 2014 is considered as a significant period, less than 60 days, based on the Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002WIKA collection periods. WIKA's collection periods showed an increasing trend in numbers, decreasing collection period performance from 2014 until 2016. It decreases further to 59.85 days in 2019. On the other hand, the company's inventory turnover is relatively stable 23.94 days in 2014, 27.64 days in 2015, 27.12 in 2016, and 23.19 days in 2017. From 2018 to 2019, the inventory turnover is longer than 60 days, because of increases in inventories, especially for producing concrete and steel products. The company's ability to convert capital employed to revenue (TATO) is not good, as all the numbers are way below the standard of TATO good performance of 120%. It was showing a decreasing trend from 94.18% in 2014 to 47.78% in 2019.

WSKT collection periods show a fluctuating trend. In 2014 and 2016, the account receivable growth is not proportional to the increase in revenue, resulting in longer collection periods with 81.85 days in 2014 and 66.25 days in 2016. However, starting in 2017, it shows a promising performance until 2019 as the day's collectible took less than 60 days. The inventory turnover ratio shows a better performance from 2014 to 2019, all below 60. The total asset turnover percentages from 2014 until 2019 are below 120%. A noticeably high increase in 2017, by 23.37%, happened because the company could generate revenue of 90.06% higher than the previous year. The collection periods of ADHI show an increasing trend from 2014 until 2016, from 82.41 to 95.90 days. After that, the company's day's collectible is decreasing by 25.51 days in 2017 and an increasing number in 2019, 93.09 days. Overall, ADHI could not keep its day's collectible under 60 days throughout the years. For inventory turnover, ADHI had an excellent performance from 2014 until 2015, but the day's collectible goes higher than 60 days from 2016 until 2019 with an increasing trend from 75.10 days in 2017 to 113.94 days in 2019. The total asset turnover shows the opposite trend, as the percentage keeps decreasing from 86.86% in 2014 to 44.14% in 2019. Overall, ADHI's activity ratio performance is getting worse over the years.

PTPP's inventory turnover from 2016 onwards inventory turnover shows an increasing trend showing its performance decreases. On the other hand, its collection periods show a contrasting result. After showing an increasing trend from 2014 until 2016, the collection periods decrease sharply in 2018 by 78 days and continue to decrease in 2019. Despite increases in inventories due to increases in project numbers, PTPP's ability to collect its payment is getting better. PTPP's Total Asset Turnover shows a decreasing trend from 2014 until 2019, from 85.255 in 2014 to 47.66% in 2019. The company's ability to convert its capital employed keeps decreasing over time. Overall, the company's collection periods and inventory turnover are average, but converting its capital employed to revenue shows a contrasting result.

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WSKT shows strong performance in collection periods and inventory turnover. While ADHI shows a bad performance in all ratios. Overall, the best performance is WSKT followed by WIKA, PTPP and ADHI respectively.

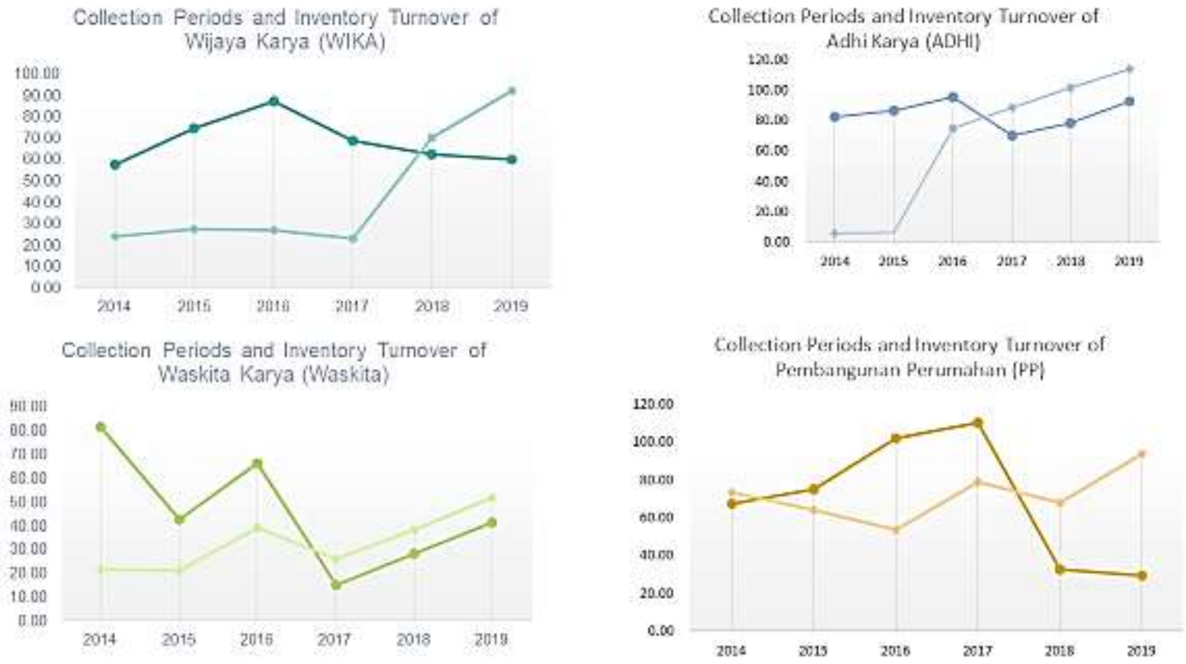

Figure 4: 2014-2019 Collection Period and Inventory Turnover Comparison
Source: Author’s Analysis

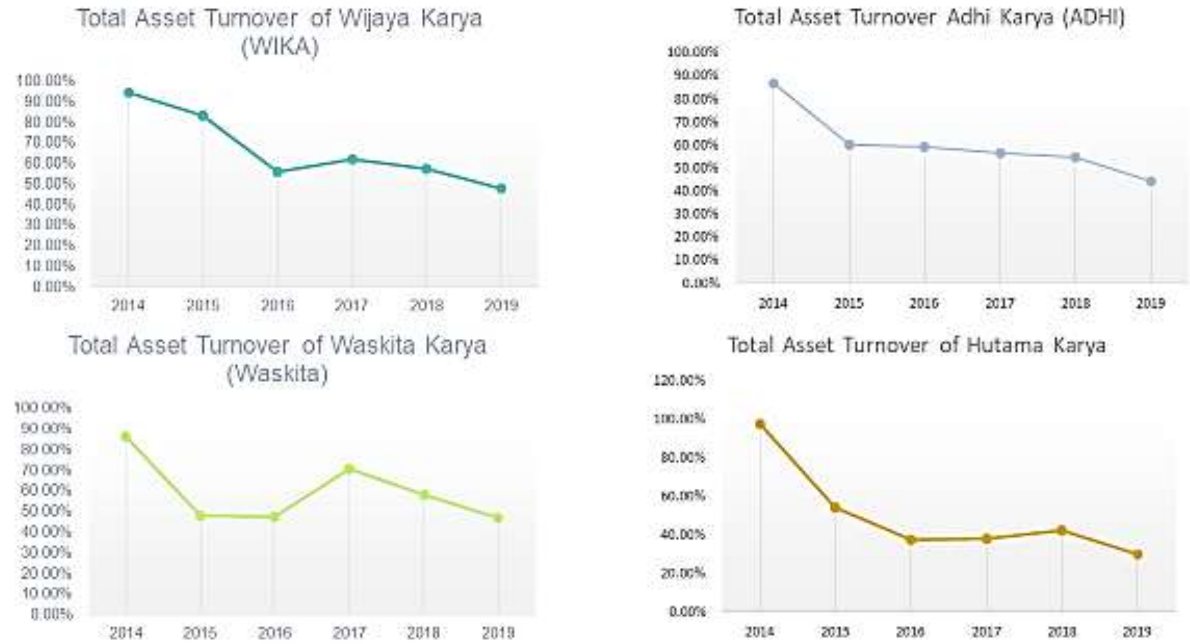

Figure 5: 2014-2019 Total Asset Turnover Comparison
Source: Author’s Analysis

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Solvency Ratio

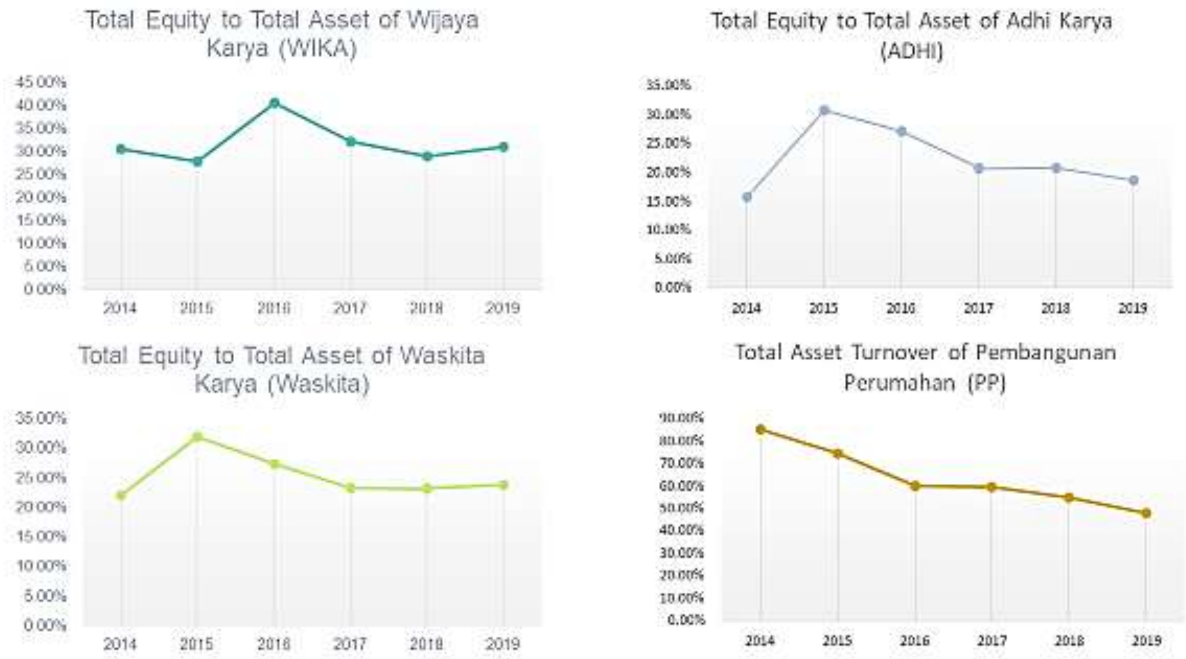

Figure 6: 2014-2019 Total Equity to Total Asset Comparison
Source: Author's Analysis

According to the Decree of Ministry of Stated Owned Enterprises (SOEs) number KEP-100/MBU/2002, the best range of TETA percentage is between 30% to 40%. WIKA's worst TETA are in 2016, 2017, and 2018 as it shows 27.74%, 40.62%, and 29.07%, respectively. Nevertheless, still, those numbers could be considered as good. Overall, WIKA has succeeded in holding a good TETA ratio throughout the years. WSKT's ability in utilizing financial leverage is relatively consistent in the 20% - 30% range. These numbers are not the best range of TETA, but could be considered a good indicator. The company able to reach its best performance in 2015 as the TETA reached 32.02%. According to the result, the TETA percentage is relatively stable in a good range from 2014 until 2019. ADHI TETA percentage in 2014 is 15.69%, caused by lower equity in comparison to its total asset. In 2015, the company rose to the best range, at 30.80%. After 2015, the TETA shows a decreasing trend until it reaches below the 20% range in 2019 at 18.72%. PTPP's TETA percentage shows a different trend than other companies. The TETA result is increasing from 2014 until 2016. In 2016, the company showed the best TETA percentage, as the state investment through the PMN program helps the equity increase, resulting in a good percentage. From 2017 until 2019, the percentage shows a relatively stable performance with a slightly decreasing trend. PTPP's TETA performance overall indicates an average result.

WIKA shows the best solvency ratio. WIKA has the best capability to pay its long-term obligations compares to other companies, followed by WSKT in second place. While PTPP is on third place followed by ADHI as the worst performer.

2020: Financial Performance Analysis and Outlook

Table 8: 2020 Financial Ratios Comparison

	WIKA	WSKT	ADHI	PTPP
Return On Equity	0.87%	14.22%	0.28%	0.35%
Return On Investment	6.32%	2.32%	3.83%	4.40%
Cash Ratio	19.13%	3.09%	7.70%	17.99%
Current Ratio	101.18%	96.77%	114.04%	113.18%
Collection Periods	132.42	79.63	132.99	197.01
Inventory Turnover	329.49	194.72	272.00	363.25
Total Asset Turnover	18.48%	10.96%	23.72%	21.52%
Total Equity to Total Asset	26.32%	20.55%	14.88%	26.39%

Source: Author's Analysis

The pandemic affects all-economy activities in Indonesia, as the government has chosen to do lockdown in several big cities. Despite the economic condition, the four selected companies still need to finance their operation activities and pay their mature bonds in 2020. Therefore, all companies choose to finance the expenses by relying on short-term loans, causing interest expenses' growth. As most projects are being on hold, the revenue decreases significantly. The profitability performance of all companies receives the most significant blow. There is a decrease in ROI, but if we look at the score assessment, the ROI score is more significant than the ROE score, which is the opposite of previous years. The most significant drops in number could be seen in the ROE financial ratio results and score. WIKA, ADHI, and PTPP's ROE are all below 1%, while WSKT has the worst performer with -14.22%. Due to G&A expense and finance charges, WSKT's income of the year shows a loss of IDR 3.38 trillion, according to its 3rd quarter financial statements. WSKT also has the worst liquidity performance. Unlike other companies, WSKT does not sell its assets, causing its cash ratio to get the lowest percentage.

All of the activity ratios show a lousy performance. As most projects are being on hold, the revenue decreases significantly. WSKT shows the best result, followed by ADHI, PTPP, and WIKA, respectively. WSKT shows the best activity ratio result, followed by ADHI, PTPP, and WIKA, respectively. On the other hand, the solvency ratio shows a drop but not as big as other ratios, as there are no significant changes in total equity and total assets.

Based on the financial performance analysis from 2014 until 2019, WIKA has the best financial performance and is followed by PTPP, WSKT, and ADHI as the worst performer. However, in 2020 the rank has changed. PTPP shows the best performance, followed by WIKA, ADHI, and WSKT, respectively.

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International Journal of Accounting, Finance and Business (IJAFB)
eISSN: 0128-1844
Journal website: www.ijafb.com

Table 9: 2014-3Q2020 Financial Health Comparison

		2014	2015	2016	2017	2018	2019	3Q2020	Avg.
WIKA	*Total Weighted Score*	91.43	76.79	75.00	75.71	74.64	80.71	33.93	**72.60**
	Health Value	AA	A	A	A	A	AA	B	
	Health Category	Healthy	Healthy	Healthy	Healthy	Healthy	Healthy	Less Healthy	
WSKT	*Total Weighted Score*	79.64	72.14	72.86	77.50	77.50	53.21	27.36	**65.74**
	Health Value	A	A	A	A	A	BBB	CCC	
	Health Category	Healthy	Healthy	Healthy	Healthy	Healthy	Less Healthy	Unhealthy	
ADHI	*Total Weighted Score*	74.29	75.71	60.71	61.07	66.07	60.71	33.00	**61.65**
	Health Value	A	A	BBB	BBB	A	BBB	B	
	Health Category	Healthy	Healthy	Less Healthy	Less Healthy	Healthy	Less Healthy	Less Healthy	
PTPP	*Total Weighted Score*	79.29	80.36	79.64	79.29	74.29	59.64	35.21	**69.67**
	Health Value	A	AA	A	A	A	BBB	B	
	Health Category	Healthy	Healthy	Healthy	Healthy	Healthy	Less Healthy	Less Healthy	

Source: Author's Analysis

Several typical patterns could be seen based on the financial health score and performance from 2014 until 2019—first, the economic condition affects companies' performance. From 2014 until 2016, all companies have declining trends of financial performance due to unconducive economic conditions. In 2017 all companies' performance improved as the economic condition recovered and a considerable addition in government budgets for infrastructure development. Another declining trend could be seen in 2019, except for WIKA. As the global economic condition is not as conducive, and Indonesia's elections were held, much investment is being held to wait for the political condition to be more stable. Second, the companies rely on debt to finance its project. This condition is also proven by the constant increase of all company liability since all companies tend to take short-term loans to fund its project and operation. It is also reflected in profitability performance as the ROE score is all higher than the ROI score.

Despite the unprecedented condition in 2020, there is a promising growth for the construction industry in 2021. First, the mass vaccination program that targeted starting at the beginning of 2021 would help the companies increase productivity, especially in construction projects. Second, the government will accelerate the development of Indonesia's soon-to-be new capital in East Borneo, which expected to provide more promising new contracts in 2021. Last, under the Omnibus Law, Indonesia's central government is planning to establish a Sovereign Wealth Fund (SWF). The institution's existence is hoped to invite more foreign investment from the public or private sector to fund infrastructure projects so that the SOEs could be less dependent on banks or other financial institution loans.

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Conclusion

Based on 2014 until 2019 profitability performance, WIKA shows the best score followed by PTPP, WSKT, and ADHI, respectively. In 2020, WIKA showed the best profitability performance, followed by PTPP, ADHI, and WSKT in the last place. WSKT has a very low ROI and ROE result, as the company has a negative net income. For liquidity ratio, companies' rank from 2014 until 2019 and 2020 is the same where PTPP is the first place, followed by WIKA, ADHI, and WSKT respectively. Based on 2014 until 2019 activity ratio, WSKT shows the best activity ratio, followed by WIKA, PTPP, and ADHI, respectively. However, on 2020, even though WSKT still shows the best activity ratio, WIKA shows the worst performance, with PTPP in second place and ADHI in third. According to 2014 until 2019 solvency ratio analysis, WIKA shows the best solvency ratio result, followed by WSKT, PTPP, and ADHI, respectively. While in 2020, PTPP shows the best solvency ratio result, followed by WIKA, WSKT, and ADHI, respectively.

Based on the financial performance analysis from 2014 until 2019, WIKA has the best financial performance and is followed by PTPP, WSKT, and ADHI as the worst performer. However, in 2020, PTPP shows the best financial performance, followed by WIKA, ADHI, and WSKT, respectively. WSKT is the only company that has negative income or loss in 2020. Overall, if we use 2014 until the third quarter of 2020 data WIKA has the best financial performance, followed by PTPP, WSKT, and ADHI, respectively.

Limitations and Future Research

This research study has added to the literature on financial performance in the real working world. This study focuses only on the financial aspects, other aspects affecting the company's performance are not discussed. It is suggested to carry out this research on a wilder scale using more companies in the construction industry, to see how other companies perform and see more general results. It is worthwhile to carry out the same research in other industry, other than the construction industry.

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